Weekly Economic Review

Economy adds jobs, but at a slower rate

Employment

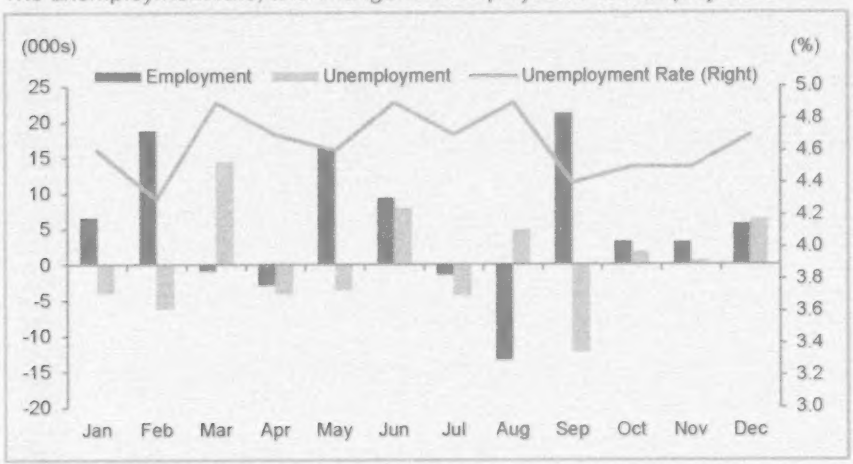
Employment holds

Alberta added 5,700 jobs in December, the fourth-straight month of job growth. Despite the increase, the unemployment rate ticked up 0.2 percentage points as the number of new entrants to the labour market outnumbered the job gains (Chart 1). While Alberta continues to create jobs, the pace has slowed after a blistering start to 2014. In the first half of the year 7,900 jobs were added per month. In the second half, the average increase has been less than half that at 3,100.

For more information on the Alberta labour market in 2014 please see the January edition of *Labour Market Notes*.

Chart 1: Alberta unemployment rate rises despite employment gains

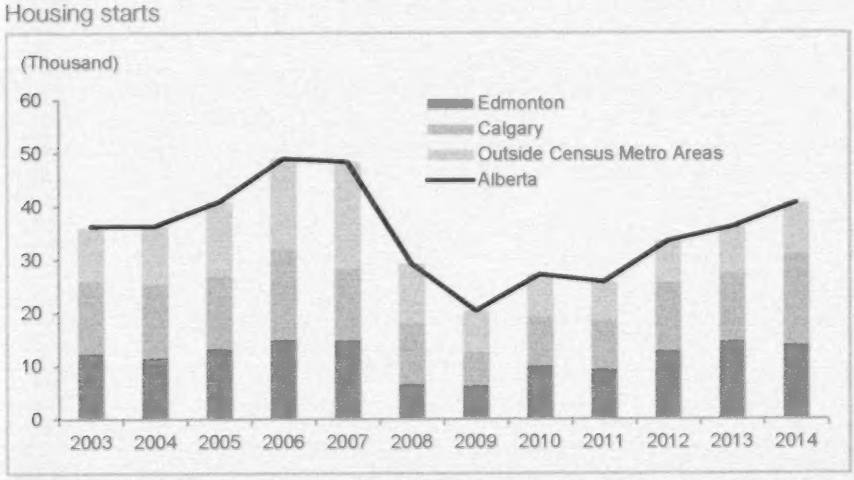
The unemployment rate, and change in unemployment and employment



Source: Statistics Canada

Chart 2: Alberta housing starts were strong in 2014

Housing starts



Source: CMHC

International Trade

Export growth continues

International goods exports from Alberta totaled $9.1 billion in November, up 4.1% from the same month last year. Year-to-date exports are up 18.1%, with November having by far the lowest y/y growth to date. The slowdown was caused by weaker energy exports as falling prices and a precautionary shutdown at a major oil sands mine weighed on growth. The largest contribution to export growth came from industrial chemicals and plastic, which increased 17.5% y/y. Agricultural exports were down 10.4% y/y, but remain up 6.4% year-to-date.

Housing Starts

Starts cool

Housing starts fell to 35,200 (annualized) in December, the lowest level since May. Starts in Calgary fell for the fourth-straight month and Edmonton starts were down after a strong November. Weaker December starts capped an otherwise good year for housing starts in Alberta. In 2014, Alberta saw 40,600 new homes started, a 12.7% increase over 2013, and for the first time since 1982, the majority of starts were multi-dwelling units. On an annual basis, starts in Calgary jumped by over 35% while Edmonton starts fell by over 5% last year.

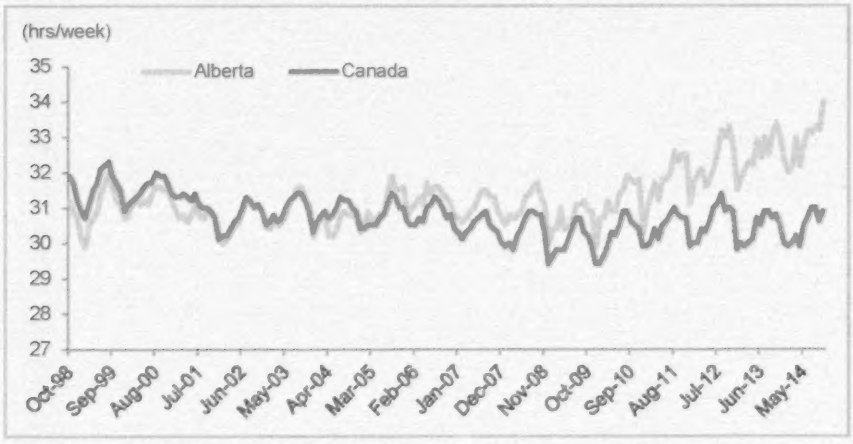
Building Permits

Permits plummet

The value of building permits issued in Alberta during the month of November fell by more than 20% to $1.3 billion, the lowest total since February 2014 and 10% lower than in November 2013. Big swings in permit values are not uncommon, so it remains to be seen whether this is part of a longer trend. The six-month moving average of building permits remains elevated, despite the monthly decline. Residential permits fell 4.1% y/y, because of declines in the number of permits issued for Apartments and Row houses. Non-residential permits fell 20% y/y. Year-to-date, building permits are up 3.8%.

Chart 3: Albertans are putting in more hours

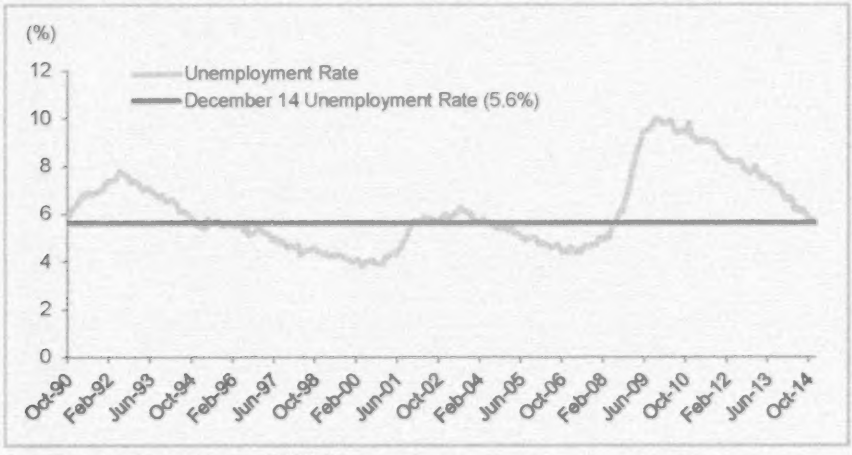
Average hours worked per week (for employees paid by the hour)



Source: Statistics Canada

Chart 4: US labour market returning to normal

US unemployment rate



Source: Bureau of Labor Statistics

Average Weekly Earnings

Albertans working more than ever

Alberta workers earned an average of $1,172 per week in October, up a substantial 1.7% from September, and 4.4% from October 2013. Part of this increase in earnings is because Albertans are working more, with average weekly hours worked (for employees paid by the hour) surging to 34 hours/week, the most in over 25 years (Chart 3). Rising sales and prices in Alberta's housing market have resulted in rising earnings in the real estate, rental and leasing industry, which rose 7.5% in October, and were up 15.3% over October 2013.

Nationally, average weekly earnings ticked up 0.3% to $942.

US Employment

A strong end to 2014

The US labour market closed out the year on a high note by adding 252,000 jobs in December. In addition, figures for October and November were revised up by a combined 50,000. Private sector service industries led the way, contributing 69% of the job growth. Goods producing industries have also strengthened, posting the largest monthly gain of the year at 67,000 new jobs. In total, the US labour market added over 2.5 million jobs in 2014, more than in any year since 2000. The unemployment rate shed an additional 0.2 percentage points in December, falling to 5.6%, the lowest rate since June 2008, and near the long-run historical average (Chart 4).

Contact

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Please see the *Alberta Economy- Indicators at a Glance* for a snapshot of Alberta indicators.